



Report on the Impact of Federal Funding Changes on Quad Cities Nonprofits

June 23, 2025

Introduction

The federal government provides an estimated \$300 billion annually in grants to nonprofit organizations across the country, extensive and essential funding that supports programs that serve vulnerable populations, advance education, and address community needs. Recent federal funding changes – including freezes, reductions, and policy shifts – have created and continue to create massive uncertainty that threatens to disrupt services to some of the country’s most vulnerable residents.

In March 2025, [Wastyn & Associates](#) surveyed the local nonprofit community to quantify the [impact of these changes](#) on the Quad Cities community. Since then, we have seen so many more changes come out of Washington: a plethora of legal challenges to executive orders and budget cuts; a rescission bill moving through Congress; a massive piece of legislation that likely will mean cuts to Medicaid, SNAP, and other federal programs; and so much more. Though at times Washington D.C. may seem a world away, at this moment their actions have nearly an immediate and extensive impact in the heartland.

Because of this unprecedented scale of change, we sent a follow-up survey at the beginning of June 2025 to again measure their impacts. This report presents findings from that second **Federal Grant Impact Survey**.

Wastyn & Associates emailed this follow-up survey on June 2, 2025, to 672 individuals, the majority of whom represent nonprofits in the greater Quad Cities community. Two subsequent emails encouraged participation between then and June 13 when the survey closed. We also asked local foundation contacts to share the survey link with their networks; at least one did.

In total, **78 individuals completed the survey**. This report details how the responding nonprofits have experienced federal funding changes, what challenges they anticipate, and what support they need to navigate the shifting funding landscape.

Profile of Nonprofit Organizations Surveyed

Of the 78 individuals who responded to the survey, **64 came from Quad Cities nonprofits**. To keep this report locally focused, it only provides data on the perceptions of these 64 Quad Cities nonprofit representatives since plenty of other reports share national data.

Of the responding Quad Cities nonprofits, 58% serve clients on both sides of the river; 24% only serve Rock Island, and 19% only serve Scott County. We do not have a large enough sample size to discern if any differences in impact emerge based on which county the nonprofits serve.

Of the nonprofits who responded, 29% consider themselves human service organizations, followed by 19% in education, 15.5% in arts and culture and 10% in health. 12% selected “other,” mostly subsets of human services. When we add “other” and human services together, about 40% of respondents come from this sector. According to IRS data for 2013, the most recent available data, about 35% of all nonprofits across the U.S. address human service needs, a percentage that varies depending on how one defines “human services.” Similarly, national data suggests that 16% of all nonprofits provide “education services.” These data suggest that the cross-section of sector representation from the Quad Cities generally mirrors that of the nation.

Finally, we asked about organization size.

About one-third of respondents had a budget between \$1 million and \$5 million with nearly equal representation of the other organizational size categories presented.

Less than \$100,000	15.79%
\$101,000 - \$500,000	10.53%
\$500,000 - \$1 million	10.53%
\$1 million - \$5 million	33.33%
\$5 million - \$10 million	15.79%
\$10 million - \$20 million	3.51%
More than \$20 million	10.53%

Current Impact of Federal Funding Changes

Survey results show that **half of nonprofits** already experience or anticipate experiencing **significant financial impacts** due to federal funding changes, about the same as the March survey revealed. However, today, **89% have already experienced or foresee some impact** – either significant or slight, a 16% increase from March. **No organization reported that they do not currently experience or anticipate experiencing any impact** compared with 13.5% in March. 11% either find it too early to predict the impact or simply do not know, a slight decline from the 13.5% who said this in March.

	March	June	% Change
Experiencing current significant impact	11.5%	13.0%	+1.5%
Foresee significant future impact	38.5%	37.0%	-1.5%
Experiencing slight current impact	5.8%	21.7%	+15.9%
Foresee potential slight future impact	17.3%	17.4%	+0.1%
No current or foreseen impact	13.5%	0%	-13.5%
Too early to know the potential impact	5.8%	8.7%	+2.9%
Do not know	7.7%	2.2%	-5.5%

These findings highlight nonprofits' **growing concerns about financial stability** with 90% of nonprofits across represented sectors seeing or anticipating a financial impact from the current federal funding shifts.

Projected Organizational Changes Due to Funding Shifts

As federal funding shifts, more nonprofits anticipate the need to make changes to programs, services, and staffing with more nonprofits anticipating the need to make changes than did in March. In fact, **only 2% of nonprofits anticipate making no changes compared to 11.5% just three months ago**. The most significant increases emerged in the need to diversify funding streams (19% increase), higher client demand for services (12.5% increase), and need to change or cut services (12.1% increase). Also notable, **nearly one-third of organizations anticipate the need for layoff or furlough staff**, an 8% increase over just 3 months ago.

In raw numbers, the need to find new sources of financial support or diversity funding streams rose to the top as the most prevalent change that nonprofits foresee, selected by 69% of respondents, followed by higher stress among staff (58%) and the need to cut or change programs (47%).

	March	June	Change
Need to find new sources of financial support or diversify our funding streams	50.0%	68.9%	18.9%
Higher client demand for our services	23.1%	35.6%	12.5%
Need to change or cut programs	34.6%	46.7%	12.1%
Higher prices for goods and services to operate	25.0%	33.3%	8.3%
Need to layoff or furlough staff	23.1%	31.1%	8.0%
Higher stress among staff	51.9%	57.8%	5.9%
We may need to close our doors or stop offering services	7.7%	8.9%	1.2%
More unrest among our clientele	21.2%	22.2%	1.0%
Do not know the impact on our organization or it is too soon to tell	21.2%	22.2%	1.0%
Need to serve fewer clients	25.0%	24.4%	-0.6%
Other (please specify)	15.4%	11.1%	-4.3%
Fear among our clientele	36.5%	31.1%	-5.4%
We do not anticipate any changes for our organization	11.5%	2.2%	-9.3%

The ability to select more than one response means that many of these organizations forecast multiple impacts for their organization, clients, and staff.

Respondents also had the ability to select “other” and provide an open-ended response to the changes that they foresee in their organization:

- Grass roots donations are already tightening up
- Currently, we've not needed to make any changes and the final federal budget, which hasn't yet passed, will only begin to give us a theoretical picture of what to

expect at the end of 2026/beginning of 2027. It's hard to plan for the impact, when we don't know the full impact, but we are already looking at seeking emergency safety funds to reduce the need to lay off staff and reduce client services. We are also looking at avenues to diversify our funding streams so we can maintain staffing levels, but we still may see impact to certain clients access to mental health services, if Medicaid budget cuts occur.

- Program partners seeing reductions, affecting program diversity and impact
- Depends on the day
- One glimmer of hope is that we are starting to see incoming ERTC funds that we've anticipated for 3+ years

These projections show that federal funding changes directly and indirectly impact service delivery at nearly all nonprofit organizations. Most distressing, **half of nonprofits in the survey anticipate cutting programs and nearly 10% may close**, both of which will have a significant negative impact for Quad Citians and the Quad Cities.

Staff Stress and Organizational Well-being

While nearly 60% of nonprofits noted higher stress levels among staff in June compared to March, they rated their **average stress level at 51.2**, only slightly higher than the 48.1 rating received in March. Individual responses ran the gamut from 0 to 90 with 8 people reporting staff stress in the highest quartile of 75 or higher and 27 reporting stress of 50-74. These data suggest that more nonprofits see stress in their staff, but the level of stress has not changed appreciably since March.

Needed Support for Navigating Funding Challenges

Nonprofits identified key areas where they need support to address these changes:

	March	June	Change
Ways to diversify funding streams or find alternative funding	66.7%	77.3%	10.6%
Mental health resources for our staff	16.7%	22.7%	6.1%
Information or training on engaging our board in these discussions	22.9%	25.0%	2.1%
Other (please specify)	6.3%	4.6%	-1.7%
Communication planning to inform our staff and constituents	25.0%	20.5%	-4.6%
Facilitated board discussion on changes impacting my organization and ways to navigate change	20.8%	15.9%	-4.9%
A safe place to gather and share experiences with our peers	31.3%	25.0%	-6.3%
Information or training on engaging legislators	31.3%	25.0%	-6.3%
Resources to keep us informed of changes to grant programs or executive orders	66.7%	54.6%	-12.1%

Compared to March, it appears that nonprofits have found resources to help them navigate some of these challenges, notably understanding or learning about changes and engaging

with legislators. However, they still see a growing need for education about diversifying their funding sources and engaging their board in strategic conversations as well as mental health resources for their staff. Again, respondents could select multiple responses, so many organizations may find value in multiple resources.

Two people provided the following suggestions in response to the open-ended question that echo the responses above:

- Facilitated board education to advocate for the org.
- Funding that can be used to keep our org moving forward that doesn't have a lot of strings attached. It feels hard to spend money right now outside of the necessities, but I worry that impacts the strategic growth of the org.

Additional Commentary from Respondents

Survey respondents provided open-ended feedback to the question “*What else would you like to share about the current environment and its impact on your organization, staff, and clients that we have not asked about, including resources that could support you?*”

Verbatim responses appear in Appendix A and fall into the following themes that largely reinforce the quantitative findings.

1. Heightened uncertainty and anxiety - Apprehension dominated the responses, especially around sudden policy shifts and economic instability with a chronic sense of unease and a need to prepare for additional unforeseen challenges.
2. Anticipation of funding reductions and structural shifts - Respondents predict the introduction of restrictive policies that may reduce access to essential services which intensifies pressure on internal planning and budgeting.
3. Indirect effects of federal cuts - **Respondents see federal cuts creating** limited funds from local and state government and intensifying competition for scarce resources.
4. Growth in demand without corresponding resource increases
5. Erosion of community voices and collective advocacy which includes fear in marginalized populations that weakens grassroots advocacy efforts.

Conclusion and Recommendations

This report clearly shows that federal funding changes continue to create financial instability, operational uncertainty, and stress for the Quad Cities nonprofit sector. However, the scope and intensity of this impact has expanded since the first survey in early March. Today, **nine out of ten nonprofits have already experienced or foresee some**

financial impact, a 16% increase from March. Perhaps most revealing of how the scope of impact has expanded, **no organization reported that they do not currently experience or anticipate experiencing any impact**. The balance – 11% – do not know if they will see any impact.

Among these anticipated changes, the need to find new sources of financial support rose to the top as the most prevalent change, selected by 69% of respondents, followed by higher stress among staff (58%). Most distressing, **nearly half of nonprofits in this survey anticipate needing to close or change programs, nearly one-third anticipate laying off or furloughing staff**, and **nearly one in ten may need to close their doors**, all higher than in March. In fact, **only 2% of nonprofits anticipate making no changes**.

To better manage these changes, nonprofits need to understand ways to diversify their funding streams or find alternative sources of funds, provide mental health resources for their staff, and receive training on engaging their board members in discussions around the current federal funding environment.

So where does that leave nonprofit organizations?

1. Continue to **educate yourself, your board, and your leadership staff** on the current and anticipated changes. More resources exist today to help you stay educated than three months ago. If you need a place to start, Wastyn & Associates has compiled [some resources](#) to get you started.
2. **Discuss how these changes may impact your organization** - directly and indirectly. While the pace and scope of these changes may feel overwhelming, these data suggest that nearly every nonprofit will see some impact, making NOW the time to start to plan.
3. **Diversify your funding streams**. This longer-term solution may not fill all the gaps in your 2026 budget, but it can help you weather future disruptions and make your organization stronger and more sustainable in the long run. If you do not know where to start or how to do it, [educate yourself](#) and just get started.
4. Continue to **use your collective voice and stories**. Change will come through collective action. I learned from the March survey how little the public knows or understands about the good work that nonprofits do every day. You may feel like you tell your story a hundred times a day and that everyone knows it. They don't. Tell it a hundred times more – and work with your peers to help tell the collective sector story.

Appendix A: Verbatim Open-Ended Responses

- Our goals are teaching clients how to work together to address their needs. 10 or 20+ voices have more power than 1 voice. **It is very difficult when people are too fearful to attend meetings or stand together in public to speak to local community leaders, state & federal legislators.** The solution has become the problem. All marginalized people have become throw aways.
- What we anticipate is more guardrails that prevent future individuals from accessing our services or being unable to access governmental benefits.
- Our organization has had limited support from federal funding, in all cases funneled through state or local pass-thru grants. Loss of locally generated funding in recent years has had a major effect on services.
- Fear of the unknown is a stressor. We cannot know what is around the corner. We can only know that there will be something else coming at us.
- Our organization does not receive direct federal funding, but we are impacted by the financial health of our local government, which funds the contracts we rely on. As they face budget constraints, that strain is reflected in the support we receive. At the same time, community needs are rising. We've seen a significant increase in need tied to financial and housing instability, along with growing demand for low-cost services like our pet food pantry and vaccine clinics. While our funding hasn't decreased, the demand for our services has surged, stretching our resources and staff thin.
- To add additional information to Question #5, we are experiencing a slight impact currently but expect a significant impact with the federal budget cuts to Medicaid in the near future.
- Not only is there fear about direct cuts from federal funding, we're also concerned about individual and institutional shifts to cover the gap, leaving less funding available for organizations that don't provide direct social services.
- Rise in competition for all dollars available, trickling down from the top (federal/state funding)
- I worry less about direct funding to our org (most gov't funding is from State of IL rather than federal sources), and more about the upstream effects. I just read that some local funders have pitched in to fund some Americorps jobs. It made me wonder if funding for other orgs/projects would need to be diverted to fill this and other urgent needs caused by federal cuts & uncertainty.
- 18% of our budget is from Federal Grants. We have not been notified they are being cut, but I have concerns we will see cuts to these budgets or a reduction in funding in the next fiscal year.

- There's always a chance of rain, aka unwelcome change or circumstances. There's too much over-dwelling on the fear potential.
- We've not been able to obtain grants.